

A

## **SCHEDULE A**

### **INVESTOR SAFEGUARDS**

- If at the time NewCo converts its shares, it owns shares at least equal to 70% of DataCo, it shall have the right to purchase from DataCo, at market, a number of shares that will increase its ownership to 80%.
- Class A shares initially contain a provision that: (i) prevents any single holder or group (as defined under SEC rules) from voting more than 10% of the Class A stock; and (ii) if any such person or group acquires over 10% of the Class A stock, the votes represented by the shares in excess of 10% shall be apportioned among the remaining Class A shareholders. This provision will expire upon conversion of a majority of the Class B shares.
- The Class B shareholders shall have the right to elect one member of the Board.
- Class vote of B shareholders required for:
  - Merger, consolidation, sale of all or substantially all assets or similar transactions;
  - Bankruptcy or liquidation;
  - Authorization of additional stock;
  - Amendments to Charter or certain By-law provisions that affect the rights of the Class B shareholders;
  - Issuance of shares, securities convertible into shares, or share equivalents;
  - A material change in the nature or scope of DataCo's business; and
  - Any action that would make it unlawful for NewCo to exercise its conversion right.

- Newco consent required for:
  - Agreements or arrangements that (i) bind or purport to bind NewCo or any of its affiliates or (ii) contain provisions that materially adversely affect DataCo's results of operation or financial condition, result in a default, or require a material payment as a result of a termination or default upon or after NewCo's exercise of its conversion right.
  - Arrangements with employees that would require payments or trigger other rights upon exercise of NewCo's conversion right.
  - Declaration of extraordinary dividends or other distributions.
  - Acquisitions or joint ventures involving cash, stock, stock equivalents or assets in excess of \$100 million individually or \$500 million in the aggregate in any 12-month period or strategic alliances not subject to termination upon conversion.
  - Dispositions within the first two years and thereafter dispositions in excess of \$50 million individually or \$250 million in the aggregate in any 12-month period.
  - The incurrence, in any annual period, of indebtedness which exceeds the debt level for that period anticipated in the prospectus for the initial public offering of DataCo by the lesser of (i) 20% of such anticipated debt level and (ii) \$500 million.



**COMMERCIAL CONTRACTS**

**A. Marketing**

DataCo will continue GTE Internetworking's agency and reseller arrangements with Bell Atlantic and will extend them to apply to the merged Bell Atlantic/GTE ("NewCo") and to include, in addition to existing services, additional services where and as permitted by law. These contracts may include volume purchase commitments.

**B. Transitional Administrative Support Services**

Currently, GTE-I relies upon GTE to provide administrative support services. DataCo may continue to contract with NewCo to receive certain necessary administrative support services on an outsourcing basis. In each case, DataCo will have the option to obtain these services from another source. These services may include:

1. *Employee Benefits Support.* To minimize the impact on employees, these services will likely include benefits administration, payroll processing, workers' compensation processing and related HR systems support.
2. *Billing and Collections.* Billing and collections services may include billing and payment processing and change management. In the past when GTE has sold businesses, it has frequently continued to provide billing and collections services for the acquirer.
3. *Procurement.* DataCo will have the option, in purchasing a category or item, to engage NewCo's procurement services or to obtain the category or item through DataCo's own or another procurement channel. GTE currently provides such procurement services to other unaffiliated third parties.
4. *Treasury Services.* These may include administrative cash management services, such as remittance processing, lockbox services, cash processing and accounting and related treasury support.
5. *Information Technology Support.* DataCo will maintain a stand-alone IT organization to provide its own systems planning, infrastructure architecture, systems integration, and systems development and operations support, and will retain full control over the operation and implementation of its IT systems. DataCo may contract with NewCo for software development and certain IT support services on an outsourcing basis.

6. *Real Estate.* In locations where GTE-I is currently using GTE office space, DataCo may enter into commercial leases with NewCo. DataCo may also contract with NewCo to continue certain real estate support services.

C. Other Contracts

NewCo and DataCo may enter into additional contracts, including:

1. *Research and Development.* DataCo may contract with NewCo for R&D support on a project-by-project basis pursuant to a standard R&D outsourcing agreement.
2. *International Services.* DataCo may contract with NewCo to provide data services to NewCo's international affiliates.
3. *Intellectual Property.* DataCo and NewCo may enter into cross-licensing agreements for intellectual property.
4. *Capacity and Network Support.* DataCo and NewCo may contract with each other for network capacity and support functions on an arm's-length basis. These contracts may include volume purchase commitments.
5. *Commercial Loans.* When and if necessary, NewCo may loan funds to DataCo under an arm's-length commercial loan agreement.



Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of	)	
	)	
GTE Corporation,	)	
	)	
Transferor,	)	
	)	
and	)	File No. 98-184
	)	
Bell Atlantic Corporation,	)	
	)	
Transferee,	)	
	)	
For Consent to Transfer of Control.	)	

**DECLARATION OF LAWRENCE T. BABBIO, JR.**

1. I am President and Chief Operating Officer of Bell Atlantic Corporation. I am a member of Bell Atlantic's Board of Directors and a member of the Office of the Chairman. I have responsibility for the corporation's business operations and for developing new growth opportunities. Of special relevance here, I have served as chairman of Bell Atlantic's Global Wireless Group and I am the lead executive in charge in Bell Atlantic's domestic and international wireless communications strategy. I am a member of the Executive Committee of PrimeCo Personal Communications, LP., a highly-successful PCS venture that Bell Atlantic created jointly with Vodafone AirTouch. I am chairman of Grupo Iusacell, the leading independent wireless company in Mexico. I have a degree in electrical engineering from Stevens Institute of Technology, where I am now Chairman of the Board of Trustees, and an M.B.A. from New York University. I have 33 years of experience in communications.



2. The GTE merger will create significant cost savings and revenue enhancements for our wireless business and will allow us to expand the market for our national-one-rate product by offering new pricing options and extending the product to new geographic markets. The improvements are significant even beyond the pending Vodafone AirTouch transaction.

3. GTE will be contributing important wireless properties in Chicago, San Francisco, Houston, Indianapolis, Richmond, Norfolk, Knoxville, Nashville, San Jose, Memphis, Louisville, Birmingham, Greensboro, Honolulu, Raleigh-Durham, Fresno, and St. Louis. The addition of these properties will generate expense savings with a net present value of \$1.4 billion and capital cost savings with a net present value of \$0.6 billion. (Comparable savings for the Vodafone AirTouch transaction are \$2.6 billion of expense savings and \$1.6 billion of capital savings.) After subtracting integration costs of \$0.1B, the GTE merger will produce a net present value of \$1.9 billion of total cost savings for the wireless business. A large part of these cost savings represent marginal costs, such as the costs of issuing an individual subscriber's monthly bill or the cost of adding incremental capacity to the network. The GTE merger will also generate wireless revenue synergies with a net present value of \$1.4 billion (in addition to the \$3.6 billion revenue synergies for the Vodafone AirTouch transaction).

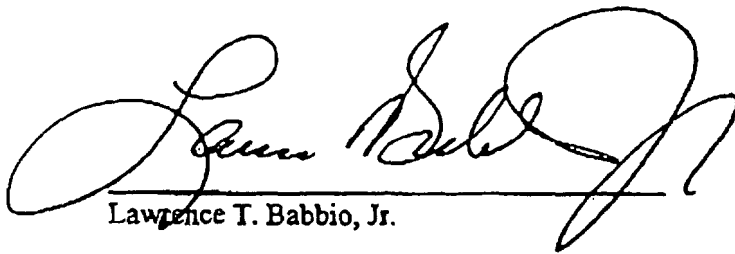
4. Bell Atlantic has been praised for offering a high-quality national-one-rate service for customers who live in our service areas in the Northeast and Mid-Atlantic. See attachment 1. But because Bell Atlantic does not have a national footprint, when a Bell Atlantic wireless customer travels outside Bell Atlantic's service areas, the customer must receive service from another wireless carrier on a roaming basis. The customer pays Bell Atlantic an effective rate of 10¢ per minute (\$159.99/month divided by the 1600 minutes allowance), but Bell Atlantic

typically pays other carriers roaming charges of about 60¢ per minute. As a result, Bell Atlantic is unable economically to promote the national-one-rate product even to customers who live in its regional footprint, and our lowest priced national-one-rate package costs \$159.99 per month.

5. With the expanded wireless footprint that Bell Atlantic will obtain from the GTE and Vodafone AirTouch transactions (which will eliminate roaming charges paid to other companies in those area) and the reduced cost structure described above, Bell Atlantic will be able to offer additional national-one-rate services at minimum monthly charges other than the current \$159.99 and will be able to offer these services to customers throughout a much wider geographic area. See attachment 2.

6. In addition, GTE's telephone operations in California, Florida, and Texas will allow the new combined business to offer bundled packages of traditional telephone services and national-one-rate wireless services that neither Bell Atlantic or GTE can today offer. I believe that consumers will perceive substantial value from these new offerings.

I declare under penalty of perjury that the foregoing is true and correct.



Lawrence T. Babbio, Jr.

Executed on 1/26/00

## MARKETPLACE

THURSDAY, JANUARY 13, 2000 **B1**

## PERSONAL TECHNOLOGY

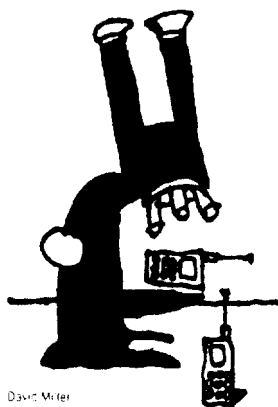
By WALTER S. MOSSBERG



## Bell Atlantic Connects With Single-Rate Plan For Cell-Phone Service

**EVERY TIME YOU TURN AROUND** these days, somebody is touting all the new things you can do with your digital cellular phone. You can receive e-mail, browse the Web (sort of) and read news headlines, stock quotes and sports scores. Big deal. What I really want from my digital cell phone is a quick dial tone and a clear call that stays connected—every time, anywhere in the country, at a reasonable price. And, judging from my e-mail, so do a lot of you.

Last year, I thought I'd found the answer:



David Miller

AT&T's heavily touted Digital One Rate plan. This was the first plan to offer travelers a single, flat monthly rate for calls almost anywhere in the country, with no roaming fees or long-distance charges. Every call is treated like a local call.

After using the AT&T service for a while, however, I reported last July that it was a major disappointment to me. In my experience,

the quality of the service was uneven and unpredictable. In city after city, including my home base of Washington, D.C., and its environs, I encountered dropped calls, jammed circuits and numerous dead spots where the service didn't reach. Hundreds of readers e-mailed me to confirm that they, too, were having the same bad experiences.

So, about six weeks after publishing my AT&T review, I began testing a lesser-known national flat-rate competitor, a plan called SingleRate USA from Bell Atlantic Mobile, the huge East Coast wireless phone carrier. Just as with AT&T's plan, subscribers to SingleRate USA pay a fixed monthly fee for a fixed number of air-time minutes that can be used almost anywhere in the country without incurring any roaming fees or long-distance charges. Every call, from anywhere, is treated the same.

**THERE'S A BIG DIFFERENCE**, however: The Bell Atlantic service actually works well, and delivers on its promises. I found it to be everything the AT&T service should have been, but wasn't, for me.

In my tests all over the country over the past five months, the Bell Atlantic SingleRate USA plan has delivered quick dial tones and clear calls that stayed connected, with virtually no dead zones that I noticed. I estimate that I suffered no more than 15 dropped calls over that whole time period. With AT&T's service, I could easily endure that many dropped calls every few days.

The phone I used with Bell Atlantic was also a winner. It's the Qualcomm Thin Phone, model QPC 860, which weighs just 4.2 ounces and is two-thirds of an inch thick, yet has a full-size keypad. It easily fits in a pocket and contains an unusual thin inner battery that, in my tests, lasted for about a day of typical use. You can snap on a more powerful external battery to add more juice, even while you're in the middle of a call, without interrupting the connection. Other phones are also available with the SingleRate USA plan, including the Motorola StarTac and a Nokia model.

I tested the Bell Atlantic plan not only in Washington and elsewhere on the East Coast, where Bell Atlantic reigns, but also in metro areas far beyond the company's territory—some of them the same places where AT&T had failed me. Among the cities where I successfully used the SingleRate USA service were New York, San Francisco, Boston, Minneapolis, San Jose, Cleveland, Las Vegas, Providence, Houston, Phoenix, Hartford, Austin, Rochester and Albuquerque.

**BELL ATLANTIC DOESN'T** guarantee results as good as mine, but there are a couple of possible reasons why it did better for me than AT&T did. First, the company claims that the digital wireless phone technology it uses, called CDMA, is more pervasive than AT&T's rival TDMA technology. Second, the Bell Atlantic phone readily and automatically switches to an alternative wireless network if the standard signal is too weak for good reception.

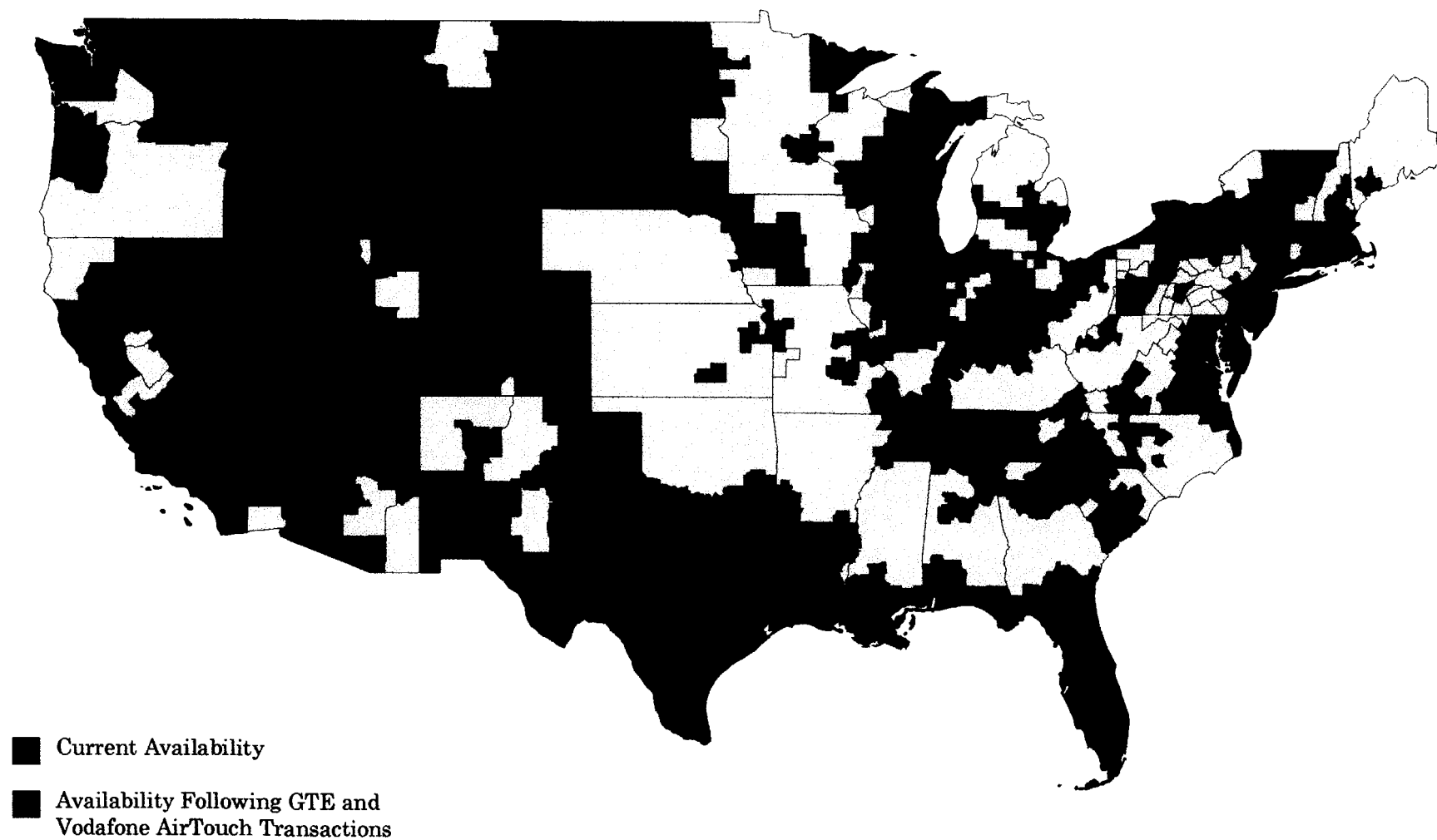
I didn't test the Bell Atlantic and AT&T services and phones side by side, and it's likely that AT&T's service has improved somewhat since I last used it regularly, five months ago. AT&T is making huge investments in its network. But I doubt the AT&T service could have improved so much in that period of time that it would be able to match my experience with Bell Atlantic.

There are, however, two major downsides to the SingleRate USA plan. First, you can get it today only if you live in Bell Atlantic's East Coast territory. Second, it's offered only in one expensive configuration: \$160 a month for 1,600 minutes, plus 20 cents a minute for calls over the limit. The Qualcomm Thin Phone also costs a hefty \$200. The reason the plan is so costly, and is hardly advertised, is that Bell Atlantic loses money on it because it has to swallow the roaming fees. It prefers to stress a profitable East Coast-only plan, called SingleRate East, that mainly covers its own territory.

But that's about to change. Bell Atlantic Mobile is poised to go national later this year, morphing into a huge new wireless carrier that will meld its East Coast systems with those of Airtouch and GTE, which are strong in the West, Midwest and South. And company officials say that, when that happens, they plan to heavily push the SingleRate USA plan, or whatever it's called by then, and to offer it in a variety of lower-priced packages.

I'm not making a blanket endorsement of Bell Atlantic here. The company's record in some key areas, such as deploying high-speed Internet lines to homes, has been mostly talk and very little action. But the SingleRate USA plan is a winner, and I recommend it.

## Availability of Bell Atlantic National-One-Rate Service





**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
GTE CORPORATION,	)	
	)	
Transferor,	)	
	)	
and	)	CC Docket No. 98-184
	)	
BELL ATLANTIC CORPORATION,	)	
	)	
Transferee	)	
	)	
For Consent to Transfer of Control	)	

**JOINT DECLARATION OF GEOFFREY C. GOULD  
AND EDWARD D. YOUNG, III**

1. I, Geoffrey C. Gould, am the Vice President - Government and Regulatory Affairs for GTE Corporation and have held that position since 1995. Prior to that I was the Vice President - Regulatory and Governmental Affairs for GTE Telephone Operations. I am responsible for GTE's Washington office and for representing the company's interests in federal and state legislative, regulatory and international matters. In this position, I am familiar with the company's organization, its business plans, objectives and strategies, including its various in-and out-of-region operations. I have worked in the telecommunications industry since 1974 in a variety of disciplines including customer service, accounting, auditing, and public affairs. I have a bachelor of science degree in business administration from California State University, Bakersfield.

2. I, Edward D. Young, III, am the Senior Vice President-Regulatory for Bell Atlantic Network Services, Inc. In that position, I am responsible for overseeing development and implementation of Bell Atlantic's state and federal regulatory policy. Prior to assuming that position on January 1, 2000, I served as senior vice president and deputy general counsel of Bell Atlantic, responsible for legal and regulatory matters before the Federal Communications Commission and state regulatory commissions. I have participated in and have knowledge of Bell Atlantic's investment decisions and agreements involving out-of-region communications operations and its future plans to provide communications-related services and products outside of Bell Atlantic's current telephone footprint. I hold an undergraduate degree from Amherst College and a law degree from Harvard University.

3. As is described in detail in the companies' prior submissions, the merger between GTE and Bell Atlantic will create substantial pro-competitive benefits by enhancing the ability of the combined company to expand into the national bundled services market, including in areas outside the companies' traditional local telephone service areas. Indeed, the companies collectively have already made enormous investments to assemble the capabilities to compete on a national basis with the other emerging national providers, AT&T, MCI WorldCom, and Sprint. These investments include:

- GTE has an affiliated operational competitive local exchange carrier and has invested hundreds of millions in support systems and other assets needed to compete outside its traditional local telephone service areas;
- Bell Atlantic and GTE have made enormous investments in wireless operations which, when combined with the operations of Vodafone AirTouch, will give them a national wireless footprint, with operations in nearly every state;

- GTE has invested enormous sums in Internet backbone and other data assets that the combined companies will continue to jointly market after the merger;
- Bell Atlantic has invested hundreds of millions in Metromedia Fiber Network, Inc. (MFN), which will both enable the merged company to offer competing local services and give nonaffiliated entrants access to facilities for their own competitive operations in MFN's planned 50-city network.

4. GTE has an operational local exchange carrier that provides bundled local and long distance service outside of its traditional local service areas. GTE has invested more than \$200 million in developing operational platforms, back-office systems, and other assets needed to provide competing local telephone service. Today, that company provides local service to more than 40,000 residential and more than 20,000 business customers in California, Florida, Indiana, Illinois, Kentucky, Oregon, Tennessee, Texas and Washington outside of the traditional GTE and Bell Atlantic footprint, including the cities of Austin, Chicago, Dallas, Houston, Indianapolis, Jacksonville, Los Angeles, Louisville, Memphis, Miami, Nashville, Orlando, Portland, San Antonio, San Diego, San Francisco, and Seattle. By contrast, in its merger agreement, SBC committed to provide local service to only 3 customers in each of 30 markets – a standard which GTE has already easily exceeded.

5. GTE has also made a substantial investment in providing Internet and advanced data services throughout the country, including establishing Internet points of presence (POPs) in a number of out-of-region markets. This investment ultimately will provide the combined company with facilities, customers, and another line of products that, initially, can be included in a bundled offering with, and (as with services such as voice over the Internet), eventually be a substitute for, traditional telephone services.



6. At these high-speed POPs, GTE provides connection to the Internet backbone using frame relay and at T1 and higher data rates. This enables non-affiliated service providers – such as carriers that specialize in providing DSL services – to provide high-speed advanced services to their data customers. In this way, GTE provides competition to MCI WorldCom and Sprint, which currently have substantial Internet backbone facilities and have themselves proposed to merge.

7. GTE also sells a variety of data services to business customers, Internet Service Providers and carriers. It acts as integrator/outsourcer that secures the appropriate conditioned loops, hardware and connections to the Internet to allow Internet Service Providers to offer dial-up and dedicated services to customers. Thus, in many markets, competing providers of DSL-based services rely on GTE to provide the necessary connectivity to the Internet backbone and to obtain and assemble the necessary local components.

8. Bell Atlantic has entered into a major investment and service agreement with Metromedia Fiber Network, Inc. (MFN), a firm that constructs and operates optical fiber facilities for local exchange carriers. Under the terms of that agreement, Bell Atlantic has invested over \$700 million to acquire a 9.9% equity interest (and has invested \$975 million in debt) and has committed to lease \$550 million of dark fiber from MFN. This arrangement will make additional assets available to the combined companies to provide services outside their traditional service territories.

9. Bell Atlantic's investment in MFN is beneficial for a second reason. That equity investment will be a significant factor in allowing MFN to reach its announced target of constructing 7,000 route-miles of fiber facilities in fifty major North American

markets. As it has told the Commission, MFN aggressively markets its fiber facilities to competing local exchange carriers for interoffice transport, enabling those carriers to connect to incumbent carriers' central offices and tandems and provide services to the public in competition with the incumbent local exchange carriers.<sup>1</sup> Those marketing efforts have already been successful, as MFN has recently announced a \$300 million agreement with Winstar (October 5, 1999) and a \$130 million agreement with Allegiance Telecom (Jan. 3, 2000), adding to its prior dark fiber agreements with Focal Communications and Time Warner.

10. The reach of MFN's fiber network is already very significant and will grow rapidly. As shown on MFN's Website ([www.mmfn.com](http://www.mmfn.com)), MFN already operates or is constructing fiber facilities in Chicago, San Francisco, Seattle, Houston, Los Angeles, Atlanta, Denver, St. Louis, San Jose, Detroit, Cleveland, Phoenix, Miami, and Dallas/Fort Worth, as well as cities within Bell Atlantic's current footprint.

11. In addition, GTE and Bell Atlantic have each made significant investments in wireless properties, many of which are outside their traditional local exchange areas. These investments, together with an agreement with Vodafone AirTouch to combine their wireless properties in the United States, will enable the merged companies to provide seamless service, using the same unified brand, in markets covering more than 90 percent of U.S. population and in 49 of the top 50 U.S. wireless markets.


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<sup>1</sup> See *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket Nos. 96-98 and 95-185, Comments of Metromedia Fiber Network Services, Inc. at 2 (filed May 26, 1999).

12. These investments will enable Bell Atlantic/GTE to sell wireless services nationwide, including in markets that are outside of the traditional GTE and Bell Atlantic wireline service areas. Bell Atlantic/GTE will not only provide solid competition to wireless services offered by affiliates of other regional Bell companies across the country, but they will be able to compete with national single-rate plans offered by providers such as AT&T and Sprint. These wireless investments will provide the combined company with facilities, customers, and additional product lines that can be part of bundled offerings. In addition, as wireless services increasingly compete with landline services, and as wireless ultimately becomes a substitute for wireline, wireless will be another avenue in which the combined companies can compete with local wireline services.

13. Bell Atlantic and GTE intend that their merger, by allowing them to offer customers a combination of local exchange service, long distance telephone service, high-speed Internet access, and wireless service, coupled with the investment in the expanded availability of optical fiber for resale, will enable them to be a strong competitor both for other incumbent Bell operating companies in their local territories and to major long distance companies that are assembling assets to provide bundled service on a nationwide basis.

I declare under penalty of perjury that foregoing is true and correct to the best of my knowledge.

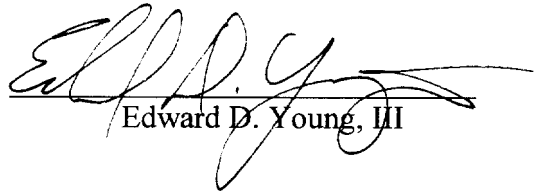


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Geoffrey C. Gould

Executed this 22<sup>nd</sup> day of January, 2000

I declare under penalty of perjury that foregoing is true and correct to the best of my knowledge.

  
Edward D. Young, III

Executed this 27<sup>th</sup> day of January, 2000